



Office of the Governor

ARNOLD SCHWARZENEGGER
THE PEOPLE'S GOVERNOR

PRESS RELEASE

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Gov. Schwarzenegger Sends Letter to AB 32 Economic and Allocation Advisory Committee

Governor Arnold Schwarzenegger sent the following letter to the 16 members of the Economic and Allocation Advisory Committee announced today by California Environmental Protection Agency Secretary Linda Adams and Air Resources Board Chairman Mary Nichols. The Committee will advise on the implementation of AB 32 and the associated cap-and-trade system. Among the Committee's tasks will be considering various options for freely distributing or auctioning allowances.

Full text of the letter:

May 22, 2009

Dear Members of the Economic and Allocation Advisory Committee,

I am writing to welcome you to the Economic and Allocation Advisory Committee. Your active participation on the Committee will be critical to aiding the California Air Resources Board in the design of California's greenhouse gas cap-and-trade program.

As you know, Assembly Bill 32, the Global Warming Solutions Act of 2006, requires California to reduce greenhouse gas emissions to 1990 levels by 2020. The AB 32 Scoping Plan, adopted by the Air Board last December, establishes a comprehensive set of actions that will allow California to reduce overall greenhouse gas emissions, improve the environment, reduce dependence on oil, diversify energy sources, save energy, create new jobs and improve public health. A key element of that plan is the creation of a California cap-and-trade program that is part of a regional market with our partner jurisdictions in the Western Climate Initiative. The AB 32 schedule calls for cap-and-trade program regulations to be adopted in 2010 so that the program can begin by January 1, 2012.

By designing a cap-and-trade program that will achieve our greenhouse gas reduction goals without impairing robust economic growth, California has the opportunity to provide a model for the rest of the country, and indeed the rest of the world. The Committee's input will be critical to the design of such a program, so it is no exaggeration to say that the eyes of the world will be upon your work.

Therefore, yours is a most important endeavor. Among other tasks, you must carefully consider various options for freely distributing or auctioning allowances potentially worth billions of dollars and, if auctioned, for distributing or deploying auction revenues. In that regard, there is one idea in particular I would like you to explore among other options: the concept of returning the value of allowances back to the people, including through an auction of allowances and distribution of auction proceeds in the form of a rebate or dividend, in order to minimize the cost to California consumers and maximize the benefits to the state's economy.

Thank you for your willingness to serve on the Economic and Allocation Advisory Committee.

Sincerely,

Arnold Schwarzenegger